



San Jose Fire Fighters • Local 230

425 E. Santa Clara Street, Suite 300, San Jose, CA 95113 • (408) 286-8718 • FAX (408) 286-2577



April 30, 2010

Hon. Mayor and City Council Members
Honorable Mayor and City Council
200 E. Santa Clara Street
San Jose, CA 95113

Dear Mayor and Council:

In an effort to assist the City in addressing the current budget challenges and to protect vital public safety services, we are offering a new proposal that saves the City \$12,550,000 million dollars over two years. This is a substantial, multi-year savings that will go a long way towards protecting city services. Because of the greater concessions contained in this proposal, this proposal replaces our previous proposal.

Below is the offer submitted by Local 230 to Employee Relations today:

2009/2010

- 0 % wage increase. Because the Police & Fire Retirement System assumes our members will receive a 4.25% salary increase per year, this proposal results in a \$1,400,000 savings in city contributions to the retirement system.

2010/2011

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- All unit employees will contribute an additional 5% of base pay to be taken off of their paychecks and placed into the Police and Fire Department retirement fund.
- The City would reduce its retirement contribution for our members by a commensurate 5.0%, generating substantial ongoing general fund savings for multiple years. This will result in a savings to the City of \$4,175,000.
- **Total savings in 2010/2011: \$5,575,000.**

2011/2012

- 0 % wage increase. Because the Police & Fire Retirement System assumes our members will receive a 4.25% salary increase per year, this proposal results in a \$1,400,000 savings in city contributions to the retirement system.
- All unit employees will contribute an additional 5% of base pay to be taken off of their paychecks and placed into the Police and Fire Department retirement fund.
- The City would reduce its retirement contribution for our members by a commensurate 5.0%, generating substantial ongoing general fund savings for multiple years. This will result in a savings to the City of \$4,175,000.
- **Total savings in 2011/2012: \$5,575,000.**

With regards to the employees increasing their share of the retirement costs specifically, effective July 1, 2010, all unit employees will contribute 5.0% of base pay towards prior service retirement costs. This payment will be made on a pre-tax basis through payroll deduction pursuant to IRS Code Section 414(h)(2). This contribution shall be credited to an employee's individual account for purposes of refunds, where such refunds are required or permitted under the Plan to be given to an employee. This contribution shall terminate effective June 30, 2012.

As was directed by the City council in adoption of the March Budget Message for Fiscal Year 2010-2011; "To the extent possible, concessions from non-sworn bargaining units should primarily be used to save non-sworn positions, and savings from the sworn bargaining units should be primarily be used to save sworn positions."¹

Further, Local 230 proposes that our members be afforded the same Vacation/Sick Leave buyback opportunities that are enjoyed by the City Manager and other employees. This proposal will result in increased saving to the City because of the reduced need to use personnel on overtime to staff vacant positions.

We look forward to meeting with Employee Relations soon to further discuss our proposal.

Sincerely,

Randy Sekany
President
San Jose Firefighters, IAFF Local 230
CPF 4th District Vice President

¹ March Budget Message for Fiscal Year 2010-2011, March 12, 2010. Page 7.